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Vanessa Knowles

PTO/SB/21 (09-00)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**In re Application of:** Peppel
**Serial No. :** 08/398,862
**Filed:** 3/6/95
**Appeal No. 1998-2848**
**Title:** ELECTRONIC TRADING CARD

**Docket No.:** OOMP0001
**Art Unit:** 3304
**Examiner:** O'Neill, M.

10-17-00

May 10, 2000

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Commissioner of Patents and Trademarks
Washington, DC 20231

## RESPONSE BASED ON DECISION ON APPEAL

Sir:

This Response is based upon the Decision On Appeal, dated 3/13/00 for the above-identified patent application. Applicant requests reconsideration by the Examiner, based upon the following claim amendments and remarks.

Please amend the application of follows:

### In The Claims

Please amend Claims 1, 15, 16, 18, and 21 as follows:

Michael A. Glenn
P.O. Box 7831
Menlo Park, CA 94026

1. (Amended) A system for the implementation of a trading card metaphor, comprising:

a disassociated computer program, consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code segment embodied in a tangible medium and having an electronic format that supports card scarcity and card authenticity.

15. (Amended) A method for implementing a trading card metaphor in an electronic trading card (ETC), comprising the steps of:

assembling and personalizing at least one [ETCs] ETC, each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity;

choosing a format and setting for said ETC;

optionally adding a personalized multimedia character to said ETC;

optionally selecting a game to be incorporated into said ETC;

optionally adding a secret message, linked to said game, to said ETC; and

optionally adding links to other ETCs.

16. (Amended) A method for implementing a trading card metaphor in an electronic trading card (ETC), comprising the steps of:

entering a [multiroom] virtual environment where [each room in] said environment requires a specific set of ETCs to complete an ETC collection, each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity;

finding a missing ETC;

completing said set; and

receiving a reward when said set is completed.

18. (Amended) The method of Claim 17, wherein finding a missing movie ETC in its hiding place allows [the] a person finding the missing ETC personalize any of the ETC and the movie.

21. (amended) A method for the implementing a trading card metaphor, comprising the steps of:

[a] dissociating a computer program, consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code

segment and having an electronic format that supports card scarcity and card authenticity.

## Remarks

1. 35 USC §101.

Per the Board of Appeals, Claims 1-14 stand rejected under 35 USC § 101 as lacking a recitation of a "tangible medium" in which the invention is embodied.

Applicant submits herewith amended Claim 1 in which a tangible medium is recited as follows:

> 1. A system for the implementation of a trading card metaphor, comprising:
>
> a disassociated computer program, consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code segment <u>embodied in a tangible medium</u> and having an electronic format that supports card scarcity and card authenticity.

As such, Claims 1-14 now recite patentable subject matter under 35 USC101.

Claims 15-39 are deemed by the Board of Appeals to recite patentable subject matter under 35 USC 101.

2. 35 USC § 112.

Claims 21-37 stand rejected under 35 USC § 112 based upon a finding of indefiniteness of Claim 21.

Applicant submits herewith amended Claim 21 as follows:

> 21. A method for the implementing a trading card metaphor, comprising the steps of:
>
> [a] dissociating a computer program, consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated

computer code segment and having an electronic format that supports card scarcity and card authenticity.

As such, Claims 21-37 are deemed definite under 35 USC §112.

3. 35 USC § 102.

Conception

The Board of Appeals has held that Applicant's Declaration under 37 CFR 1.131 does not establish conception because it does not show that Applicant was in possession of the claimed invention. This is a newly cited ground of rejection.

Responsive thereto, Applicant has set forth each independent claim below with annotations to a document entitled Card Activities (document "BC2"), dated 12/4/94, that was originally provided to the Patent Office in a Declaration of the inventor under 37 CFR 1.131 on 2 October 1996. This document refers to E-Cards. E-Cards are defined as electronic trading cards in a document dated 11/9/94 (document "BC1"), that was originally provided to the Patent Office in a Declaration of the inventor under 37 CFR 1.131 on 2 October 1996. Thus, E-Cards are electronic trading cards, as set forth in each of the claims. The structure of E-Cards is set forth in a document entitled The World of E-Card (document "C1"), dated 9/7/94, which was originally provided to the Patent Office in a Declaration of the inventor under 37 CFR 1.131 on 2 October 1996.

The following annotation shows that the various concepts embodied in the claims were conceived before the critical date of the Smith reference, *i.e.* 7 December 1994. Thus, Applicant was in possession of the claimed invention before the critical date and such conception was commensurate with the scope of the claims. Applicant has amended Claim 16 to conform to the subject matter disclosed in the above referenced document.

| | |
|---|---|
| 1. A system for the implementation of a trading card metaphor, comprising: | See documents BC1 and C1. |
| a disassociated computer program, | The notion of a "a disassociated |

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| consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code segment embodied in a tangible medium and having an electronic format that supports card scarcity and card authenticity. | computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs").<br><br>The notion of a tangible medium is disclosed on document C1 ("floppy discs, online servers, CD-ROM, PCMCIA cards").<br><br>See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.<br><br>Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |

| | |
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| 15. A method for implementing a trading card metaphor in an electronic trading card (ETC) , comprising the steps of: | See documents BC1 and C1. |
| assembling and personalizing at least one ETC, each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity; | The notion of a "a disassociated computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs").<br><br>See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.<br><br>Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |
| choosing a format and setting for said ETC; | Document BC2 describes several setting and formats for E-Cards. |
| optionally adding a personalized | This step is optional. |

| | |
|---|---|
| multimedia character to said ETC; | |
| optionally selecting a game to be incorporated into said ETC; | This step is optional. |
| optionally adding a secret message, linked to said game, to said ETC; and | This step is optional. |
| optionally adding links to other ETCs. | This step is optional. |

| | |
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| 16. A method for implementing a trading card metaphor in an electronic trading card (ETC), comprising the steps of: | See documents BC1 and C1. |
| entering a virtual environment where said environment requires a specific set of ETCs to complete an ETC collection, each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity; | The notion of a "virtual environment" is discussed in document BC1 ("Card Collecting... 1.... This album is in the form of a haunted house, where each room requires a specific set of cards to complete the collection."). <br><br> The notion of a "a disassociated computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs"). <br><br> See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare. <br><br> Further, under "Card Collecting" in |

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| | document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |
| finding a missing ETC; | See document BC2 ("Car Collecting... 3. He finds the missing card at a local trading card store."). |
| completing said set; and | See document BC2 ("Car Collecting... 4. Completing the Dungeon Set..."). |
| receiving a reward when said set is completed. | See document BC2 ("Car Collecting... 4. Completing the Dungeon Set makes Tim eligible for a special reward"). |

| | |
|---|---|
| 19. A method for implementing a trading card metaphor in an electronic trading card (ETC), comprising the steps of: | See documents BC1 and C1. |
| solving a puzzle having increasing levels of difficulty using a series of linked electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity; and | See document BC2 ("Card Activities... 1. Jason puts an E-Card "Castle Quest" game in to his CD-ROM drive. In Castle Quest, players solves puzzles with increasing levels of difficulty."). <br><br> The notion of a "a disassociated computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs"). |

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| | See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.<br><br>Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |
| reproducing a personalized certificate of completion when, and only when, each level of said puzzle is solved, said certificate of completion optionally including clues to solve a next level of said puzzle. | See document BC2 ("Card Activities... 2. Jason has solved four levels of the game and printed the first four clue cards. The clue cards come pre-printed in color along with the game. When Jason feeds them through his printer, his name and the date and time appear on the card."). |

| | |
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| 21. A method for the implementing a trading card metaphor, comprising the steps of: | See documents BC1 and C1. |
| dissociating a computer program, consisting of a plurality of electronic trading cards (ETCs), each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity. | The notion of a "a disassociated computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs").<br><br>See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.<br><br>Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |

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| 38. A system for the implementation of a | See documents BC1 and C1. |

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| trading card metaphor comprising: | |
| a disassociated computer program consisting of a plurality of electronic trading cards (ETCs) each ETC corresponding to a disassociated computer code segment and having an electronic format that supports card scarcity and card authenticity; | The notion of a "a disassociated computer code segment" is discussed in document C1 ("E-Cards are small multimedia software programs").<br><br>See document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.<br><br>Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.<br><br>Thus, the notion of "scarcity and card authenticity" is inherent in a trading card - also see the Declaration Under 37 CFR 1.132 - Tyler Peppel, attached hereto and discussed below. |
| said ETC including a display system, a housing, software, a battery, a CPU, and an LCD display. | See document BC2 ("Card Activities... Card Trading...3. Some very special cards comes with their own display system, so the "card" is a small plastic case housing software, batter, CPU and |

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| | LCD display."). |

The foregoing establishes that Applicant was in possession of the claimed invention before the critical date.

Applicant draws the Examiner's attention to document BC2, where Applicant states: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.

Further, under "Card Collecting" in document BC2, Applicant teaches "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.

Applicant also provides herewith a Declaration of the inventor under 37 XFR 1.132, which is offered as evidence of the meaning of the terms "card scarcity" and "card authenticity." The Board of Appeals has indicated that in their opinion these concepts are not discussed anywhere in the evidence submitted. While these terms are not identically used in documents provided by Applicant as evidence of conception, Applicant points out that trading cards are, by their nature, scare and authentic.

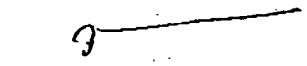
Reduction To Practice

Applicant submits herewith a Declaration of Counsel which sets forth dates establishing progress toward filing. It is thought that this submission overcomes the concerns expressed by the Board of Appeals and therefore clearly establishes diligence in reduction to practice.

## Conclusion

In view of the claim amendments, Applicant's comments herein, the Declaration Under 37 CFR § 1.132, and the Declaration of Counsel, Applicant respectfully requests that the Examiner withdraw the rejections under 35 USC § 101, 35 USC § 112, and 35 USC § 102 and allow the application to issue as a U.S. patent. Applicant would be pleased to discuss the matter with the Examiner should an interview be deemed helpful toward concluding examination of the subject application. In such case, the Examiner is encourage to contact Applicant's attorney, Michael A. Glenn, at (650)474-8400.

Respectfully Submitted,



Michael A. Glenn

Attorney for Applicant
Reg. No. 30,176

Customer No. 22862

Express Mail mailing label no. EI 441831114US
Date of Deposit: April 11, 2000
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Vanessa Knowles

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**In re Application of:** Peppel
**Serial No. :** 08/398,862
**Filed:** 3/6/95
**Appeal No. 1998-2848**
**Title:** ELECTRONIC TRADING CARD

**Docket No.:** OOMP0001
**Art Unit:** 3304
**Examiner:** O'Neill, M.

May 11, 2000

Board of Patent Appeals and Interferences
Commissioner of Patents and Trademarks
Washington, DC 20231

## TRANSMITTAL OF RESPONSE BASED ON APPEAL

Sir:

Enclosed are the following:

1. Response based on decision on appeal dated 13 March 2000;
2. Declaration of Michael A. Glenn, with attachments;
3. Declaration under 37 CFR 1.132- Tyler Peppel with exhibits;
4. Retum Postcard.

Respectfully Submitted,

Michael A. Glenn
Attorney for Applicant
Reg. No. 30,176

Customer No. 22862

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**In re Application of:** Peppel **Docket No.:** OOMP0001

**Serial No. :** 08/398,862 **Art Unit:** 3304

**Filed:** 3/6/95 **Examiner:** O'Neill, M.

**Title:** ELECTRONIC TRADING CARD

May 9, 2000

Assistant Commissioner for Patents
Washington, DC 20231

15 PM 2:09

**DECLARATION OF COUNSEL - MICHAEL A. GLENN**

Sir:

This Declaration is provided in connection with Applicant's response to the Decision On Appeal, dated 3/13/00 for the above-identified patent application.

1. My name is Michael A. Glenn. I am a registered patent attorney (Reg. No. 30,176). I prepared the subject patent application.

2. Claims 1-39 of the above-identified patent application were objected to in the above Office Action under 35 USC § 102(e) for lack of novelty. The reference cited by the Examiner as the basis for this objection was U.S. Patent No. 5,533,124, issued to Smith *et al* (the "Smith" patent). Smith issued on 2 July 1996 and was filed on 7 December 1994.

3. The subject patent application was filed on 6 March 1995, less than one year after Smith was filed.

4. The invention which is the subject matter of the application was conceived at least as early as 7 September 1994 (see the previous submissions of Applicant in support thereof).

5. The Board of Appeals has indicated that Applicant has failed to establish diligence from a date prior to Smith's filing date to the constructive reduction to practice which occurred

on the filing date of the subject application. The Board of Appeals has also indicated that a declaration of counsel would be expected setting forth dates establishing progress towards filing. Further, the Board of Appeals has agreed that, in many circumstances, it is not unreasonable to expect the preparation of a patent application to take the interval from 2 December 1994 under 6 March 1995.

6. In a Declaration Under 37 CFR 1.131, the inventor has stated that he requested a search of his invention. The inventor has declared that the search was ordered by the inventor's attorney on 11/28/94 (prior to Smith's filing date) and was reported to the inventor's attorney by the searcher on 12/2/94 (prior to Smith's filing date).

7. I met with the inventor, Tyler Peppel, at least as early as 1/4/95 to discuss preparation of a patent application for the subject invention (see my attached Time Log). It is not unreasonable that the inventor would receive the search results some time after his attorney received them, that the inventor would then carefully review these results, and that the inventor would seek competent representation by a patent attorney. It is not unreasonable that this activity would take about one month, *i.e.* from about 12/2/94 to about 1/4/95.

8. I interviewed the inventor, Tyler Peppel, on 1/22/95, as evidenced by the attached interview transcript.

9. I received a tape of the interview for transcription from the inventor on 2/10/95, as evidenced by the attached note, signed by the inventor.

10. Partial payment for preparation of the patent application was sent to me on 2/23/95, as evidenced by the attached fax from the inventor.

11. I faxed the figures for the patent application to the inventor on 2/28/95, as evidenced by the attached fax transmittal.

12. The inventor provided comments on the draft patent application to me on 3/5/95, as evidenced by the attached email.

13. The application was filed on 3/6/95.

14. Accordingly, the entire process of preparing, reviewing, and filing the patent application took about two months, *i.e.* from about 1/4/95 to 3/6/95 and was commenced shortly after the inventor received the results of a search on his invention. It is my experience that this process typically takes longer and that the inventor here exercised a high level of diligence in having his patent application prepared, *i.e.* he exercised a high level of diligence in reducing his invention to practice.

15. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Michael A. Glenn

5/11/95
DATE

| I hereby certify that this transmittal of the below described document is being deposited with the United States Postal Service in an envelope bearing First Class Postage and addressed to the Commissioner of Patents and Trademarks, Washington, D.C., 20231, on the below date of deposit. | | |
|---|---|---|
| Date of Deposit: | Name of Person Making the Deposit: | Signature of the Person Making the Deposit: |
| 10/2/96 | MARCIA D. SHEA | Marcia D. Shea |

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**In re Application of:** Peppel **Docket No.:**

**Serial No. :** 08/398,862 **Art Unit:** 3304

**Filed:** 3/6/95 **Examiner:** O'Neill, M.

**Title:** ELECTRONIC TRADING CARD

September 22, 1996

Honorable Commissioner of Patents and Trademarks
Washington, DC 20231

**DECLARATION UNDER 37 CFR § 1.131 - TYLER PEPPEL**

Sir:

This Declaration is provided in connection with Applicant's response to the Office Action, dated 8/16/96 for the above-identified patent application.

1. My name is Tyler Peppel. I am the inventor of the invention claimed in the subject patent application.

2. Claims 1-39 of the above-identified patent application were objected to in the above Office Action under 35 USC § 102(e) for lack of novelty. The reference cited by the Examiner as the basis for this objection was U.S. Patent No. 5,533,124, issued to Smith *et al* (the "Smith" patent). Smith issued on 2 July 1996 and was filed on 7 December 1994. Smith does not claim the same invention as that claimed in the application.

3. The subject patent application was filed on 6 March 1995, less than one year after Smith was filed.

4. The invention which is the subject matter of the application was conceived at least as early as 7 September 1994.

5. Attached hereto as an exhibit is a document entitled "The World of E-Card." The document bears the legend "Confidential ©1994 Oompala, and provided the basis for preparation of the subject application. The document was prepared before the 7 December 1994 filing date of the Smith patent.

6. Also attached hereto as an exhibit is a memorandum dated 9 November 1994. The memorandum clearly described the subject invention, *i.e.* E-card. This document was also prepared before the 7 December 1994 filing date of the Smith patent.

7. Also attached is a letter to M. Patricia Thayer dated 2 December 1994 which provides the results of a patentability search on the subject invention, as performed by Lawrence E. Laubscher, Jr. in response to Ms. Thayer's telefax search request of 28 November 1994 (referenced in the letter). This document was also prepared before the 7 December 1994 filing date of the Smith patent. Note that the invention is clearly described in the letter.

8. I diligently worked toward the reduction to practice of the invention to which the application relates from the time of conception to at least until the submission of the subject application to the Patent Office.

9. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

TYLER PEPPEL

9.27.96
DATE

THE WORLD OF E-CAR
CONFIDENTIAL © 1998 CARMAX, INC.

November 9, 1994

DOCUMENT BC1
11/9/94

To: Naomi Tobita, Bandai cc: Hikaru Sasahara, IMA
From: Tyler Peppel
Re: E-Card (Electronic Trading Card) Project

---

Note: We made up this new code name (E-Card) to to describe any product which uses the "Electronic Trading Card" concept discussed at our meeting last Monday. We propose that it become a confidential code name between our companies.)

We are very pleased to submit this preliminary business proposal to Bandai for the E-Card project. We have written this proposal with the hope that we will become business partners in the following efforts:

- developing the E-Card engine
- developing E-Card products using Bandai content and characters
- licensing the E-Card engine to non-competing companies and providing development services to those companies

The goal of our partnership is to make E-Card a worldwide standard for creative electronic communication between children, families and business people.

Longer term, E-Card is a step toward personal electronic communications on-line.

We have three versions of the proposal: A, B, and C. All versions assume the production schedule we discussed at our meeting Monday November 7. Dollar estimates do not include witholding tax. These proposals are preliminary and all terms are open to discussion.

## Version A

(Non-exclusive relationship)

Proposal "A" assumptions:

- C-Wave grants Bandai a non-exclusive license to the E-Card engine for a per unit royalty
- Bandai pays C-Wave for custom enhance ments to the E-Card engine and for integraton of Bandai content

Sailor Moon development cost: $380K
2nd product with same functionality, different content: $270K
3rd product with same functionality, different content: $240K

Per unit royalty retail: $5
Per unit royalty bundled: $3

## Version B
(Exclusive Partnership for Japan)

Proposal "B" assumptions:

- Bandai and C-Wave have an exclusive partnership for E-Card in Japan
- Bandai and C-Wave share the development cost of a Japanese version of the E-Card engine
- Bandai and C-Wave share in Japanese E-Card engine revenues
- Bandai approves all third-party E-Card licenses in Japan

Sailor Moon development cost: $420K
2nd product with same functionality, different content: $270K
3rd product with same functionality, different content: $240K

Per unit royalty retail: $5
Per unit royalty bundled: $3

Fee for Japan-only exclusivity on the concept: $200K

## Version C
(Exclusive Worldwide Partnership)

Proposal "C" assumptions:

# Join the worldwide partnership

# Join the worldwide partnership

# movement with

- Bandai and C-Wave have an exclusive worldwide partnership for E-Card. C-Wave does not discuss the E-Card concept with other companies.
- Bandai and C-Wave share the development cost of the E-Card engine
- Bandai and C-Wave share in E-Card revenues worldwide
- Bandai approves all third-party E-Card licenses

Sailor Moon development cost: $420
2nd product with same functionality, different content: $270
3rd product with same functionality, different content: $240

Per unit royalty retail: $4
Per unit royalty bundled: $2.50

Fee for worldwide exclusivity on the concept: $500K

LAWRENCE E. LAUBSCHER, SR.
LAWRENCE E. LAUBSCHER, JR.

LAW OFFICES OF
LAUBSCHER & LAUBSCHER
SUITE 300
745 SOUTH 23rd STREET
ARLINGTON, VIRGINIA 22202
(703) 521-2660

OF COUNSEL
DONALD O. JACKSON
JOHN E. BENOIT

FACSIMILE: (703) 553-0174

December 2, 1994

COPY

M. Patricia Thayer
Howard, Rice, Nemerovski,
Canady, Robertson & Falk
Three Embarcadero Center
Seventh Floor
San Francisco, CA 94111

VIA FEDERAL EXPRESS

Re: Patentability Search on
E-CARD
Our Job No. 7399

Dear Patty:

In response to your telefax of November 28, 1994, we have now completed our patentability search on the above matter.

Briefly, the subject invention relates to an E-card software architecture used for an electronic trading card. The system has the capability of card making, card trading, card gaming and card collecting. The system uses card shops to make new cards, edit existing cards and layer different cards. Card activities include games/puzzles, mailing, and learning. Card trading can be accomplished through either floppy disk, on-line on any digital media. The cards could also be collected and organized in albums.

During our search, the following references were noted:

| | | |
|---|---|---|
| 4,890,229 | Rudnick | 12/26/89 |
| 4,951,203 | Halamka | 8/21/90 |
| 4,965,727 | Halamka | 10/23/90 |
| 5,036,472 | Buckley et al | 7/30/91 |
| 5,056,029 | Cannon | 10/8/91 |
| 5,091,849 | Davis et al | 2/25/92 |
| 5,38,043 | Rehm | 8/16/94 |
| 5,356,151 | Abecassis | 10/18/94 |

Your attention is directed to the patent to Halamka No. [illegible] which discloses a computer card formatted by the user

- Bandai and C-Wave have an exclusive worldwide partnership for E-Card. C-Wave does not discuss the E-Card concept with other companies.

computing machine. The composite communication is transmitted by the user to a recipient through a computerized central mail exchange apparatus or created on removable, transportable magnetic media, such as a floppy disk. The disk could be inserted into and read by the recipient's audio and visual display device.

The Buckley et al patent No. 5,036,472 discloses a "machine for vending greeting cards or other personalized or customized products (which) includes audio and video presentations of available products and options available to a customer, provisions for payment and apparatus for automatic delivery of products. Base products such as preprinted forms are stored for selective transfer by a robot device to modifying apparatus such as a printer, modified products being delivered to a delivery receptacle, all operations being under computer control and being changeable as desired for adding or substituting new forms of products." (Abstract)

The remaining references were noted as being of general interest.

The field of search included:

Class 273, sub. 153R;
Class 364, subs. 227.1, 410, 419.2 and 916.5; and
Class 395, sub. 919.

Copies of the cited references are enclosed, and our debit note is attached.

Very truly yours,

Lawrence E. Laubscher, Jr.

LEL,jr/TB:ms

Enclosures

TIME LOG

1/2/95

BILLOD ✓

9:00 N. [redacted] LINUX 9-10

✓ 9:35 ZARRITT TM 9:55 LANGUAGE NAVIGATOR LOGO

1/3/95

✓ 12:50 – 1:00 TUTORIAL TM T. MICHELS / MSG ZANZIG

XILINX

1/4/95 P. TAYLOR

TYLER PERRELL : HYRCHEN – ELECTRONIC GRADING CARD

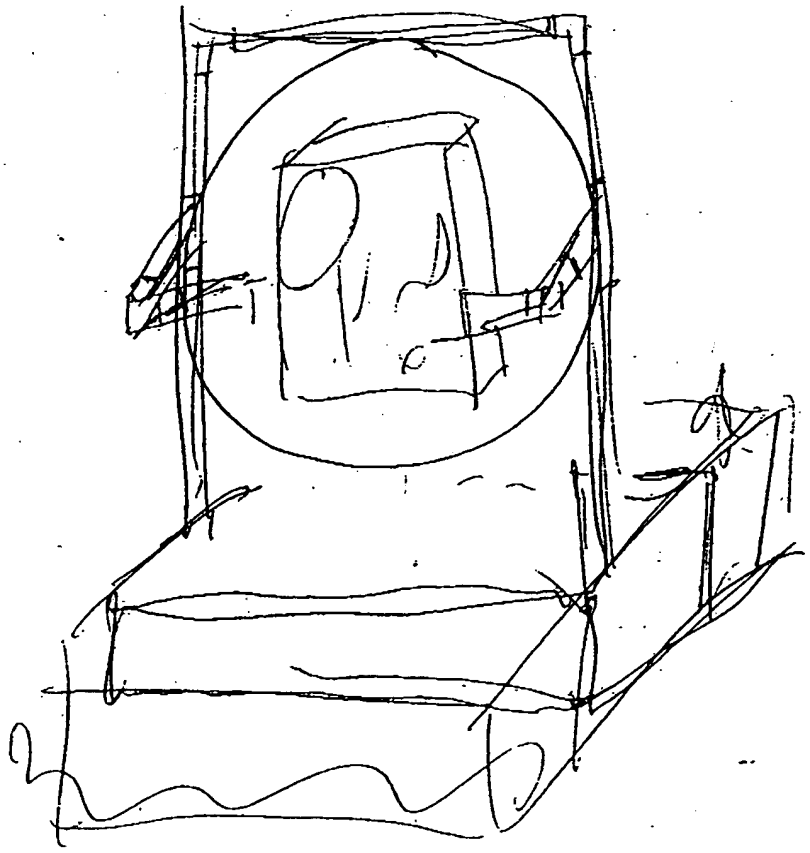
BENDER – PURPLE RANGERS FILED 1984

PAT. SEARCH

GRADING CARDS

PRIOR ART INFRINGEMENT

SW PRODUCT THAT CREATES TRADING CARDS



2.10.95

HI MICHAEL -

HERE IS THE E-CARD TAPE
FOR TRANSCRIPTION.

- TY Co.

Interview with Tyler Hepple 1/22/95

MG Strategies for patent protection for electronic trading card

MG Do you want to start with the review of the prior art or do you want to start with the review of the concepts I found in your presentation in the world of e-card?

TH Why don't we start with the prior art. That way, I'll have a better understanding of how this relates to issues that come up....

MG Okay, and although this tape recording may be transcribed, the opinions I render on this, just for your understanding, are not written opinions, but they're simply oral opinions, and that even though they are transcribed on the writing, they're not the equivalent of a written opinion. If I were to make a written opinion, it would take a considerable amount of analysis of what you've already given. So, just going through this, there is a paper called the 21st story level one printed printed in full format. And on here, there are a couple of things highlighted, one of which is already made available, electronic press kits. This basically -- this seems to me that these are similar to what's ... which we'll talk about. The other thing in here that was highlighted is something about a video tape for sporting events, and in it including electronic trading cards featuring players, photos and stats from their latest season, and a

sports almanac CD. But it doesn't give any more detail about what these electronic trading cards are, so it's hard to tell from this article.

TH The Sports Illustrated CD I know of, and the cards are screens and information much as you would get if you scanned in a traditional trading card so you could display them on a computer.

MG So, it's just basically a scanned-in trading card. There's nothing nifty about that. Certainly, people could scan in anything nowadays and pure out the scanning. It alone is not novel or would not create a problem. We have here one, Patent No. 5,120,589. This is called a Collectible Promotional Card. This is irrelevant to what you're doing. This is simply a method of printing a photographic image on the laminate. There's another one here called Trading Cards and Method of Concealing and Revealing Information. This is Patent No. 5,282,651. Again, this is irrelevant. These are trading cards that are interactive with the user by concealing under a coding a secondary show. This is like a scratch card.

TH Yes, like a scratch card.

MG That's irrelevant. We have here now one that's a little bit more relevant. 5,036,472. This is Buckley. This is Computer Controlled Machine for Vending Personalized Products or the Like. The relevance of this is that it provides you the ability on screen to compose a greeting card, and then print it on the spot. So this electronic vending machine, the way I see it, the machine for

vending greeting cards or a personalized customized products including provisions for a payment. It also gives you the option to choose and modify and print things in. So, generation of an elecronic greeting card is sort of known. All I see this thing is providing in terms of over the prior art would be like computer art would be they give you forms. They give you electronic forms that you can select the form and select the fill-in information, and then it's printed on the spot so it's an integrated unit for printing out a form. I don't think that's particularly relevant to trading cards. I think you're going to be alone in that.

Before we get to the 2 big Lemke files, I'll also go through these other ones very quickly. Rudnick, Patent No. 4,890,229, Electronic Baseball Card. It's basically a calculator that stores sports information. It's irrelevant.

Cannon, Patent No. 5,056,029. Method and Apparatus for Manufacturing and Vending Social Expression Cards. This is very similar to the Buckley case, point-of-sale card manufacturing and vending.

TH Seems extremely similar to me. I was curious as to why those 2 were so similar.

MG Well, let's see whether one was cited in the other. Here's Buckley. Yeah, it seems like the same thing. Okay, so this is Buckley and this is Cannon. Cannon is the later one. So, Cannon might cite Buckley,

but it doesn't. They don't seem to cite the same prior art -- some of the same prior art is cited. You understand in the patent that when the patent examiner does a search, he looks at certain patents, and those are listed on the front page of the patent. Some of them are similar but what's interesting is that because the filing dates -- the filing dates are almost a year apart, but the issue dates are very close, just a few months apart. Most likely what happened is that these were both pending in the Patent Office at the same time, they had different examiners. And so one examiner examined one, one examined the other, and they both came out, and they probably interfere with each other. So, and as I said, the examiner's did cite some of the same cases like Rosen..... was the same. I note that in the Cannon case, the Lemke patent was also cited. That's the '203 patent. So, whatever Cannon is doing is something in addition to what Lemke is doing -- something different. But Cannon and Buckley are very, very similar. And I haven't studied the claims in any detail, because they're not really relevant to what you're doing, I believe. That can be done later if you want.

We have Abel Cassis, Abe Cassis. Gameboard Scale Model Game. 5,356,151. It's just a gameboard. It's totally irrelevant to what you're doing.

Ren, Cryptographic Guessing Game, 5,338,043. This may be relevant in the sense that it would apply to a particular application of a trading card. This is a particular type of game where you put certain -- you have cypertext and you have indicia. And the cypertext is an

encrypted message, and so you have hidden information, and it's in a puzzle form which one of several players can play. So you form a pair of words that perform a guess pair. So, the...

TH (asked a question)

MG Yes, it's a software. It's a puzzle game. So, the way this might be relevant is this might be a particular type of game that might be played using your trading cards. Because you do have -- you could use cards. Sismatical types of messages and cyprement schemes, development solution and conforming means are disclosed. So, some of these things could be like a trading card. Let me look at the claim real quick. Okay, so the claim, method of making the invention, first of all, column 32, obtain the message, generate a cypher, and cypher the message to create a cypertext, print or display the puzzle, using the cypher print a conforming device or act as an interactive conforming device during solving. Some of these things, I think, are quite similar to what you might do with your trading cards. And then the claim is just this very, very long claim which would mean that it's a very narrow invention, most likely. But the claim involves you provide a game having cypertext and plain text so that would be the hidden message and the clue, for example. Display the cypertext and display the developing solution, but keep the plain text hidden, guess a playing character, recording the playing character... it's a very specific game. I think we've spent enough time on it. It's not what you're doing, but it could be used with what you're doing.

Finally, we before we get to Lemke, Davis et al., Computer Image Production and System Utilizing First and Second Networks for Separately Transferring Control Information and Digital Image Data, 5,091,849. I don't find this to have any relevance at all with what you're doing. It's simply a computer imaging system, largely to produce animation. So, put that aside.

Now, let's talk about the Lemke... Lemke has two cases. He filed a patent application, and the patent examiner said that there are two inventions. One invention is sending information over a network, and the other one is the greeting card. So, in both cases, they were rejected initially and they were both allowed. The more relevant case -- let me just find out what that one is -- The more relevant case is the greeting card. Let me see which one of the two that is. Okay, that's the Lemke Computer Card, formerly 951,203. Claim 1 is what's instructive here. It's a greeting card created by and readable by a digital computer machine. So it requires a magnetic medium means that has to be a magnetic card or magnetic disk, or something magnetic. But it requires a magnetic medium means for storing a plurality of messages and a plurality of audio selections. So the messages would be a visual message that would be displayed, the audio would be audio, and a control file that could configure the computer machine. Now, the significance of this is that the card has to have, or the media has to have a audio message linked to a visual message. Because when they prosecuted the patent, and argued with the Patent Office, one basis for distinguishing over the prior art was this linkage. So, there has to be this audio and visual linkage

multimedia and the card has to contain a control file that will grab control of the computer and boot it up and line. So, that's like a run time. So that's the card. And then it has to have a computer with an operating system, a display and audio means, and the means to read the magnetic media. So it's a standard computer. And the control file configured to be read by the original machine... That's basically it. And then synchronously, reading the audio selection and the output of the audio selection through the audio generation synchronously with the output of the preselected message. So that's key to this then, is audio and video linked on a run time on a magnetic media and a computer system. That's the Lemke, the main one.

TH When you summarized it there, you didn't say anything about the subject or the content of the greeting card.

MG Well, it is a greeting card.

TH How much is his patent for the audio and video linked message on magnetic media in general? Or only when used in the form of a greeting card?

MG ... when used in the form of a greeting card. He actually discusses what he means by a greeting card. Let me just quickly find that section, Because when they file a patent application, the patent office does a search and then as a result, they make a rejection or they make an acceptance of the claims, and then they make

recommendations for changes in the claims. In this case, they went to the Board of Appeals. They basically -- write to the Board of Appeals and when they filed their appeal brief, at that point, the Examiner decided not to fight it, because the Examiner's don't like to get reversed. So he caved in and allowed the case. But during the course of fighting with the patentee, or the patent applicant, the Examiner made certain arguments about this prior art. And in response, they talked about what their message would be. So let me just read a couple of quotes to you, and I'll give you pointers to where they are.

So, we're looking at the response dated January 10, 1989. This is response prepared by John Lemke. It is either the inventor's son, father or brother. John D. is the inventor, and John E. is the patent lawyer.

TH A family operation.

MG Indeed. In the remarks, basically it says, "it's a magnetic media containing a user preselected message, a user preselected audio, and a control file." So this is, again, what we've talked about. Now, let's look for the description. "Upon receipt, the user removes the physical device in the form of magnetic media and inserts it into a digital computing machine that's configured by the control file. When used by the computer under direction of the control file to create the greeting card as synchronized audio and visual output using peripheral devices." Okay, that's what he says.

TH ...as far as he goes in terms of a greeting card?

MG In that particular round. He got more rejections. And so he's going to make more statements. And now there's a response dated July 14, 1989. It's a later response, and he apologizes because he didn't understand the prior art. He thought the prior art had a later filing date. He was wrong, so he apologizes. And he characterizes the prior art. I'm just going to go to where he talks about the greeting cards here. This is on page 3. "Applicant's invention is very different from '180 which is the prior art. Uses digital data as

TH ...as far as he goes in terms of a greeting card?

MG In that particular round. He got more rejections. And so he's going to make more statements. And now there's a response dated July 14, 1989. It's a later response, and he apologizes because he didn't understand the prior art. He thought the prior art had a later filing date. He was wrong, so he apologizes. And he characterizes the prior art. I'm just going to go to where he talks about the greeting cards here. This is on page 3. "Applicant's invention is very different from '180 which is the prior art. Uses digital data as operated upon by the CPU to generated audio signals to an output device. They do not rely on prerecorded audio data. Applicant's invention actually creates the audio data in real time each time it is exercised.

TH I remember this in reading the original patent. See, I haven't seen the... what's this called again?

MG This is the file history or the prosecution history?

TH Okay, I read the patent, and I noticed that he did seem fixated on this idea of generating ... I don't know if you remember, but early he said tone generators. That was about as sophisticated as the ...

MG He repeats it in the patent, too.

TH Which is obsolete now, although you and I talked about that -- information or technology

MG Okay, so again he's contrasting that. Now, we do on to the next office action. At this point, he is issued and allowed. So, it appears that the description of what he meant by greeting card is actually in the other application. So that's this one, the '203. Let's look at the '727. The '203 was basically a divisional, and the case 4,965,727 was the parent case. Now, what we mean by a divisional is that when he filed this parent case, the examiner found that there were two separate inventions and split one off and said "we're only going to let you get one. If you want to file the other one, then you got to go ahead..." And so, let's look through this one now. Again, this is the '727 case. And find that language where he talks about it. All right. So here's where he's talking about why they should not be splitting the two cases. In the office action, the examiner's made a requirement for a restriction. Drawn to a system for processing and supervising the plurality of composite intercourse and social communications selections of a product, and another group drawn to a computer greeting card, a process. So, basically he sees that these are separate. Now they're going to argue

**Oompala**
INCORPORATED

109 West Street
Sausalito, California 94965

415 332 4752
Fax 415 332 7207

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**Date:** February 23, 1995
**To:** Michael Glenn
**From:** Tyler Peppel
**Re:** an article for you
**Number of Pages including this page:** 2

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Dear Michael:

Attached is an article from Scientific American I thought you might find interesting.

Also, I'm sending you a check today for $2000 as a payment for the patent application for electronic trading cards. As we discussed, I assume the balance will be due 60-90 days after the application is filed. Please let me know if that is acceptable to you, if not, I'm sure we can work something out.

Best regards,

tyler

Tyler Peppel

reactions. University of Nebraska scientists found that blood serum from six of eight individuals allergic to Brazil nuts produced antibodies to the soybeans, suggesting the possibility of an adverse reaction. The company is now seeking another means of enhancing methionine levels.

Despite an incident or two, U.S. agricultural biotechnology flourishes. Rifkin would have an easier job if he moved to Stuttgart. Europe has not provided a similar welcome mat for bioengineered crops, even though it does not wish to be left behind in this emerging industry. In December the European Union voted to allow limited testing of BST but opted to continue a ban on commercial use of the compound through 1999.

Europe, too, may lack the American flair for public relations. In the U.S., Calgene has even plied members of Congress with bacon, lettuce and tomato sandwiches—all made with the Flavr Savr. Natural selection in the marketplace depends heavily on recombinant image making. —*Gary Stix*

## GIF Us a Break

It was all over before the arguments really even began. On December 29, CompuServe announced that it would henceforth charge royalties on the Graphics Interchange Format, or GIF. Electronic yowls of protest surged over computer networks—at least among those not too busy drinking, digesting or otherwise holiday making to notice. The GIF file is the networked world's equivalent of the photographic print. It encodes millions of images on disk drives across the globe. Was the whole on-line community to be forced to scrape together its Christmas money from Santa and turn it over to CompuScrooge?

Not this time. Unisys, which owns the patent whose infringement had forced CompuServe to demand royalties in the first place (don't worry, these complications will be explained shortly), clarified in early January. It wanted royalties only from for-profit developers of software that encoded or decoded GIF files. Unisys had no intention of charging for GIF storage or transmission. It wanted small royalties, about 1 percent of the average selling price. And it would not charge anybody who had developed a program before 1995—that is, before CompuServe's announcement. Yowls dimmed to grumbles, and net arguments drifted back to sex and politics as usual.

Next time, however, things could be different. Although the circumstances of the GIF case were by no means typical, the application of slow-moving patent protection to fast-moving software development carries the risk that someday someone really will decide to hold the networked world to ransom. Certain net-watchers now argue that solving the intellectual-property problems created by software will require a third form of legal protection for ideas—not copyright, not patent, but something different.

The trouble with software patents is that they are sweeping and slow. A patent grants ownership of an idea. Full stop. It doesn't matter if somebody holed up in a cave in Tibet has reinvented your idea from thin air and incense smoke. If it's your idea, they have to pay. But a patent takes between a year and a half to two years to issue. Complicated software patents can take longer. In the U.S. patent applications are kept secret until granted.

But two years is also the life cycle of most software products. The Internet currently quadruples in size every two years (it now encompasses more than three million computers). Some parts of the networked world grow even faster. From 1992 to 1994, for example, the World Wide Web—linking text, pictures, video and sound—grew from hundreds of sites to hundreds of thousands. In 1994 the U.S. Patent and Trademark Office approved about 4,500 software patents. Now imagine what might have happened—what might still happen—if a patent submitted in 1992 covered a key component of the Web.

On the other side of the intellectual-property fence, copyright risks missing the point of software. It was designed to cover the text of a document or the look of an illustration rather than the function of a piece of machinery—or a piece of software. Yet it is precisely function that gives value to software. True, copyright is automatically granted as soon as the item is "published." But given a choice between the overweening market power of a patent and the lightweight speed of copyright, which would you think software developers would choose? (Hint: The U.S. Patent and Trademark Office granted only about half as many software patents in 1993 as it did in 1994.)

Some experts think there is a better way. Pamela Samuelson of the University of Pittsburgh Law School, Jerome H. Reichman of Vanderbilt Law School, Mitchell D. Kapor, founder of Lotus Development, and Randall Davis of the Massachusetts Institute of Technology recommend creating a middle ground for software. Ownership would begin immediately, without the long deliberations required for patents. It would also last for only a few years rather than the 19 years of a patent or the 75 years of a copyright. The interesting question, however, and the one expressly left open for debate by their proposals—published in the December 1994 *Columbia Law Review*—is what precisely the law should give ownership to.

Copyright grants control over the text of a document but not over the ideas expressed therein. Patents cover ideas for making things with a given function. Defining middle ground between idea and expression to fit the middle ground of intellectual property should be no mean feat. Presumably no one could simply copy a piece of software. But what if two researchers come up with the same idea independently? What if only part of the software is copied?

Not easy questions to answer. But they are well worth debating, given the legal carnage that patents could unleash in the software industry. Of course, it is worth remembering that bad laws are not the only reason bad things happen. People can just plain mess up. And while CompuServe's Christmas message certainly highlights the dangers of less than perfect law, the actual facts of the case involve a lot of just plain messing up.

Here are the facts. In 1985 Sperry, which merged with Burroughs to form Unisys, was granted a patent on a method of compressing data called the Lempel Zev Welch (LZW) algorithm. CompuServe did not seem to notice. In 1987 CompuServe began developing the GIF to store and transmit graphic images based on—you guessed it—the LZW algorithm. Unisys did not seem to notice. From 1987 to 1993 CompuServe blithely encouraged programmers to use the GIF. Many did. In 1994 when Unisys forced CompuServe to pay royalties on LZW for GIF files, everybody would have noticed had the two tried to pass the cost of those royalties on to the network. Fortunately, common sense and humility prevailed, at least this time. —*John Browning*

# FAX Transmittal

**COMPANY:** Oompala

**FAX NUMBER:** 332-7207

**ATTENTION:** Tyler Peppel

**RE:** ETC Patent Application

**FROM:** M.A. Glenn **DATE:** 2/28/95

**Total Pages (including cover page):** 13

**If you do not receive all pages of this transmission, please call 415.851-7138**

## MESSAGE:

Tyler:

The figures for the patent application on your invention are attached. I'll email the draft application to you later today.

Regards,

THIS MESSAGE IS INTENDED ONLY FOR THE INDIVIDUAL TO WHOM IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS CONFIDENTIAL, PRIVILEGED, OR OTHERWISE EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF YOU ARE NOT THE INDIVIDUAL TO WHOM THIS MESSAGE IS ADDRESSED YOU ARE ADVISED THAT ANY USE, COPYING, OR DISCLOSURE OF THIS MESSAGE OR THE CONTENTS THEREOF IS WITHOUT PERMISSION AND CONTRARY TO LAW. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE CALL 415.851-7138.

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X-POP3-Rcpt: michael@mail
X-Sender: peppel@batnet.com (Unverified)
Mime-Version: 1.0
Date: Sun, 5 Mar 1995 22:43:10 -0800
To: michael@crl.com
From: peppel@batnet.com (Tyler Peppel)
Subject: The last thing

Dear Michael:

Attached is a revised Format Diagram which includes "Application Programs" and "Pointers to External Data" This revised diagram should replace the existing format diagram and the text which says these items are not shown should be amended accordingly. One other tiny change:the word "shared" under Summary of the Invention (line 25) should not be underlined.

I'm assuming you received my FedEx on Saturday and that you now have everything you need to file the patent. (Have you seen the FedEx package tracking system on the Web at: http://www.fedex.com/cgi-bin/track_it ? It's another fun time-waster on the Web. It reports that my package to you was delivered at 11:03am on Saturday.)

In case we miss each other Monday AM, would you call 415 332 4752 and leave me a message confirming that you have filed the application?

Thanks again for all your help,

Tyler

Attachment converted: Memoire:ETC format block diagram (CWGR/BOBO) (00006ED1)

Tyler Peppel v 415 332 4752
Oompala, Inc. f 415 332 7207
109 West Street AOL: PEPPEL
Sausalito, CA 94965 USA AppleLink: PEPPEL1

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**In re Application of:** Peppel **Docket No.:** OOMP0001

**Serial No. :** 08/398,862 **Art Unit:** 3304

**Filed:** 3/6/95 **Examiner:** O'Neill, M.

**Title:** ELECTRONIC TRADING CARD

2000 MAY 15 PM 2:09
BOARD OF PATENT APPEALS AND INTERFERENCES

May 9, 2000

Assistant Commissioner for Patents
Washington, DC 20231

**DECLARATION UNDER 37 CFR § 1.132 - TYLER PEPPEL**

Sir:

This Declaration is provided in connection with Applicant's response to the Decision On Appeal, dated 3/13/00 for the above-identified patent application.

1. My name is Tyler Peppel. I am the inventor of the invention claimed in the subject patent application.

2. Claims 1-39 of the above-identified patent application were objected to in the above Office Action under 35 USC § 102(e) for lack of novelty. The reference cited by the Examiner as the basis for this objection was U.S. Patent No. 5,533,124, issued to Smith *et al* (the "Smith" patent). Smith issued on 2 July 1996 and was filed on 7 December 1994. Smith does not claim the same invention as that claimed in the application.

3. The subject patent application was filed on 6 March 1995, less than one year after Smith was filed.

4. The invention which is the subject matter of the application was conceived at least as early as 7 September 1994.

5. The Board of Appeals has indicated that the concepts of card scarcity and card authenticity are not disclosed in the evidence that I rely upon to overcome the Smith reference.

6. The Examiner's attention is drawn to the document entitled Card Activities (document "BC2"), dated 12/4/94, that was originally provided to the Patent Office in a Declaration that I made under 37 CFR 1.131 on 2 October 1996 (enclosed herewith), where I state: "Card Collecting....5. Next week Tim's friend Jerry gives him a rare Movie Card at school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it." The notion of searching for a rare card clearly conveys the concept of scarcity. A rare card is scarce by definition, otherwise it would not be rare.

7. Further, under "Card Collecting" in document BC2, I teach: "3. He finds the missing card at a local trade card store." A trading card store clearly conveys the concept of authenticity. Cards have value as collectibles because they are authentic.

8. I provide the following definition from Random House Webster's Unabridged Dictionary:

**tradÆing cardÅ,** one of a set of small cards, as one depicting professional athletes, either sold separately or included as a premium with packages of bubblegum or the like, collected and traded, esp. by children.

9. By my choice of the term "trading card metaphor" in the original application, scarcity and authenticity are clearly implied as aspects of the invention.

Trading cards have been collected and traded for decades in exchanges that depend on scarcity and authenticity to function. Scarcity creates value and without value nobody would pay or trade for trading cards.

Exhibit 1 (attached hereto) shows a page from a web auction site, where collectors gather online to check prices and bid on trading cards. Without the implied features of scarcity and authenticity, such a marketplace for trading cards could not exist, as all cards would have no cost and be always available.

Scarcity is an inherent feature of trading card products as evidenced in the "insert ratio" mentioned in this excerpt from a 09/22/99 press release from UpperDeck, a trading card manufacturer:

> ***"Piece of History Football Cards" (13 cards):*** *This outstanding lineup of football card inserts captures pieces of actual game-used footballs thrown and carried by some of the NFL's biggest stars and up-and-coming rookies, including Brett Favre, Steve Young, Jerry Rice and Dan Marino, along with Tim Couch, Ricky William and Cade McNown.* ***Insert ratio: 1:352 packs.***"

The insert ratio describes the degree of scarcity for this particular card, in this case one card will be inserted in every 352 packs of card manufactured.

*Authenticity* is also a measure of value; analog card makers have employed elaborate anti-counterfeiting measures (similar to those used in printing currency) to help distinguish inauthentic from authentic cards. If authenticity was not an inherent aspect of trading cards, card makers would have no reason to employ these anti-counterfeiting measures such as die-cutting and refractor imaging:

> *"Highlighted in a die-cut all chromium set, superstars such as Mike Modano, Peter Bondra and Brendan Shanahan are players who rack up goal after goal igniting their team throughout the season. Also showcased on Refractor technology, these stars surely fire up their team's offense. The Red Lighters insert rate will be 1:24 packs, with Refractors seeded at 1:72 packs."*
>
> -Topps press release, December 15, 1998

10. Because I have described my invention as using a trading card metaphor, and because it is clear to anyone familiar with trading cards that scarcity and authenticity are inherent features of analog trading cards, it is clearly implied that scarcity and authenticity are features of my invention. Therefore, I was in possession of my invention before the critical date of 7 December 1994.

11. I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so

are inherent features of analog trading cards, it is clearly implied that scarcity and authenticity are features of my invention. Therefore, I was in possession of my invention before the critical date of 7 December 1994.

11 I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

TYLER PEPPEL

05.09.00
DATE

DOCUMENT
BC2.
12/4/94

Card Activities

1. Jason puts an E-Card "Castle Quest" game into his CD-ROM drive. In Castle Quest, players solve puzzles with increasing levels of difficulty. When each level is solved, the player can print out a card proving they have solved the current level and giving a clue to the next level.

2. Jason has solved four levels of the game and printed the first four clue cards. The clue cards come pre-printed in color along with the game. When Jason feeds them through his printer, his name and the date and time appear on the card. He is now working on level five.

3. Jason finally solves level five and escapes from the tower! He prints out the level six clue card.

4. On the card there is a map of Dark Valley. When Jason feeds the card through his printer a special route appears printed on the valley.

5. After three weeks Jason solves all ten levels of Castle Quest.

6. He now has a set of ten completed Castle Quest cards - each personalized with his name. Only those who have solved Castle Quest have such a set of ten clue cards. Jason is the envy of his friends at school.

Card Trading

1. Julie and Kristin trade their favorite E-cards on floppy disc. They are each trying to make a full set of their favorite cards.

2. They can also trade on-line with kids all over the world. Some cards have phone numbers built in and will dial them on command.

3. Some very special cards come with their own display system, so the "card" is a small plastic case housing software, battery, CPU and LCD display.

4. E-Card files can also be output onto paper cards, traded and used in card games, much like traditional paper trading cards.

Card Collecting

1. Thomas puts an E-Card "Collector's Album" CD into his multimedia player. Each album comes with a unique assortment of "starter cards" for the collection. This album is in the form of a haunted house, where each room requires a specific set of cards to complete the collection.

2. Thomas needs one more card to complete the twelve card Dungeon Set...

3. He finds the missing card at a local trading card store.

4. Completing the Dungeon Set makes Tim eligible for a special award. The prisoner shows Tim the details.

5. Next week Tim's friend Jerry gives him a rare Movie Card at

school. Tim's friends have been searching for this card for weeks and Jerry is the first to find it. (It was hidden in an E-Card game called Castle Quest.)

6. Some electronic albums have movies on them, and the missing cards unlock key scenes from the movie. The person who originally finds the missing movie card in its hiding place can personalize it. That way, their name always appears in the credits of that movie when it is played.

Card Making

1. Emily wants to make a special personal E-Card for her friend Amy. She puts a Card-Maker CD with her favorite characters into her multimedia player.

2. She goes to the Magic Writing Desk where she will assemble and personalize her card. First she chooses a format and setting for her card. She decides Amy's card will be a Game Card.

3. She adds a character from her favorite TV show. The character says "Hello from your best friend!"

4. Emily picks a tarot game from an assortment of small games that will fit on cards.

5. She types a secret message, hidden inside the animated magic heart where Amy will find it.

6. Emily puts the card on a floppy disc and prints a special label for the disc on colorful preformatted sheets that come with the Card Maker program.

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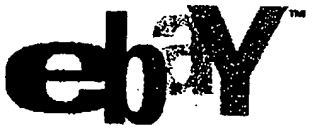
Exhibit 1 — Page from auction web site



baseball ca | all of eBay - includes all regions | Search | more search options | Results by: THUNDERSTONE

Search titles and descriptions (to find more items!) Search Completed Items

eBay official time 17:21:26 PDT

**2692** items found for **"baseball cards"**.
Showing items 1 to 50. Sort: Items ending first

All items | Gallery preview | Gallery items only

| Item# | Item | Price | Bids | Ends |
|---|---|---|---|---|
| 317123355 | 1963TOPPS LOT OF 4 BASEBALL CARDS SP [2] | US $8.00 | - | in 1 mins |
| 322625963 | 350 Gem Mint Baseball cards | US $2.00 | 1 | in 9 mins |
| 322627988 | 350 Gem Mint Baseball cards | US $2.00 | 1 | in 11 mins |
| 319581986 | WOW! 1000 BASEBALL CARDS FROM ESTATE SALE NR! | US $27.51 | 17 | in 3 mins |
| 319583572 | baseball cards | US $3.00 | - | in 5 mins |
| 317130152 | 1981 baseball cards 5x7 panels complete set + | US $2.24 | 2 | in 7 mins |
| 319588336 | (29) 1977 Topps Baseball Cards | US $4.95 | 1 | in 9 mins |
| 322629620 | 350 Gem Mint Baseball cards | US $2.00 | 1 | in 13 mins |
| 319594050 | (51) 1974 Topps Baseball Cards | US $9.95 | - | in 14 mins |
| 319594114 | Baseball Cards | US $3.00 | - | in 14 mins |
| 322631584 | 350 Gem Mint Baseball cards | US $2.25 | 2 | in 15 mins |
| 322633560 | 350 Gem Mint Baseball cards | US $2.00 | 1 | in 16 mins |
| 321021425 | 2000 TOPPS BASEBALL SET (240 CARDS) MINT PIC* | US $15.50 | 7 | in 16 mins |
| 319599379 | (33) Different 1973 Topps Baseball Cards | US $7.95 | - | in 18 mins |

Oompala is a small creative multimedia software development company based in San Francisco. We develop consumer-oriented entertainment and educational products for CD-ROM, floppy disc and on-line delivery.

We're looking for a lead software engineer for a major new project.

This person will lead the design and development of a multimedia architecture that allows for the creation, collecting and trading of digital electronic trading cards. Products based on this architecture will support a variety of entertainment and learning activities for kids aged 7-15.

This project will provide an opportunity to design and implement an innovative new multimedia architecture and work with a creative team of artists, writers and designers based in San Francisco. This is a long term project (1-2 years) requiring creative thinkers and designers familiar with MPC and Mac CD-ROM development as well as PC-based telecommunications.

Lead engineer will have direct ground-up responsibility for technical design and development of a system to create electronic trading card products. An ideal lead engineer will take "creative ownership" of the architecture and contribute strongly to design as well as implementation of the system.

Qualified candidates must have at least three years of professional software development experience, including having worked on at least one commercial product as well as experience with Macintosh and Windows multimedia systems, and familiarity with QuickTime, Video for Windows, MacroMedia Director, and/or Apple Media Tool. Familiarity with video game systems such as Sony Playstation is also

# E-Card is

a software architecture for
trading cards. The E-Card a
supports:

- card making
- card trading
- card games
- card collecting

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# A New Comp

- C-Wave is starting a new compan
  the E-Card business opportunty w

- This new company will be incorpo
  December 15th, 1994 and will sh
  with C-Wave

- Tyler Peppel will head the new co
  the primary responsibility for E-Ca

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# E-Cards are

small multimedia software programs. They can contain games, sounds, puzzles and animation. E-Cards can be stored on:

- Floppy discs
- Online servers
- CD-ROM
- PCMCIA cards

DOCUMENT C1
9.7.94

THE WORLD OF E-CARD

# E-Cards con

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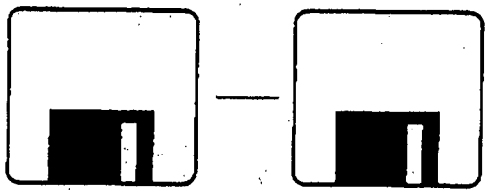
C2
9/7/94

a wide ra
- carto
- athle
- live-
- natur
- games
- etc.

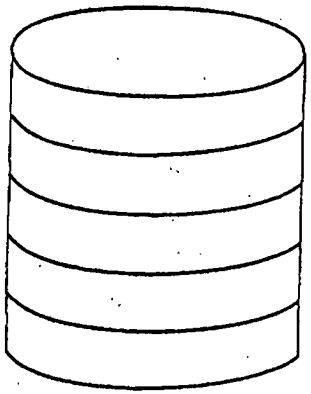
THE WORLD OF E-CARD

# E-Cards li



to each other

to a



to an online

THE WORLD OF E-CARD

# Inside an E-

(example)

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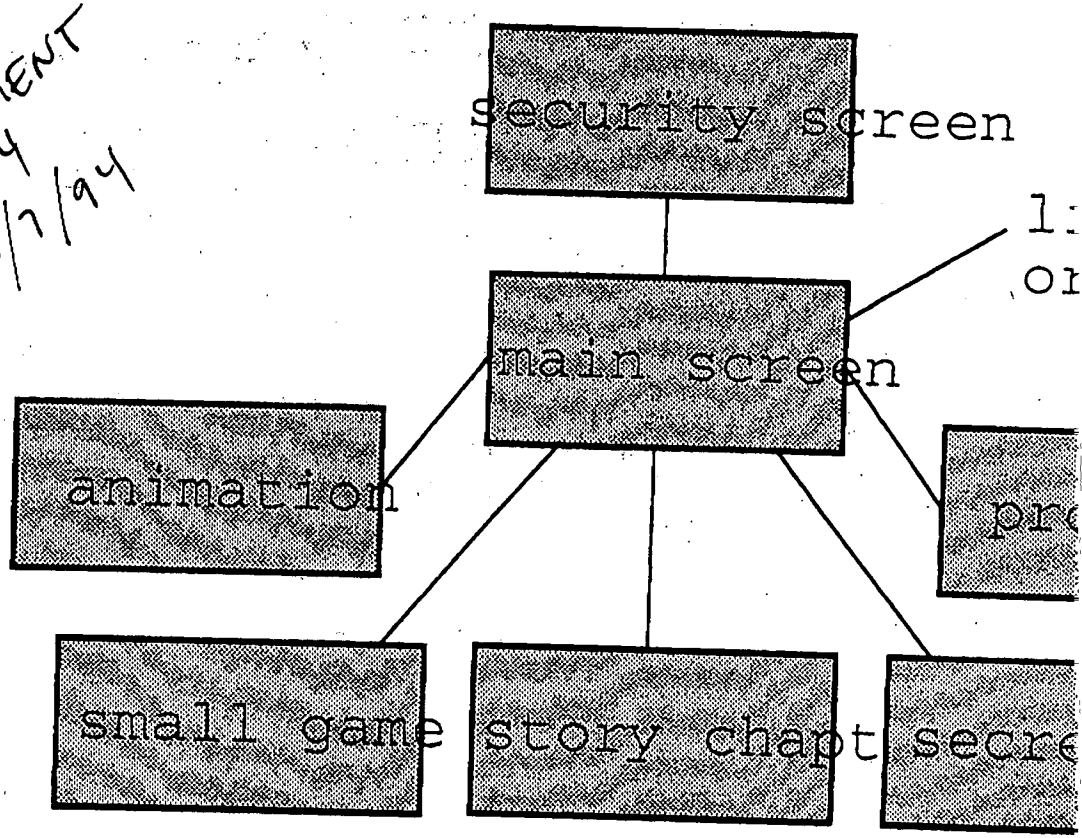

# E-Card Security

E-Card provides 4 options for cc
security:

DOCUMENT
C8
9/7/94

0 - no security
1 - password protectic
2 - hidden software ke
3 - CD-ROM-based softw

DOCUMENT
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# E-Card Licer

- We license the
architecture to c
wish to provide E
products

- We also provide
development servi
E-Card licensees

November 9, 1994

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To: Naomi Tobita, Bandai cc: Hikaru Sasahara, IMA
From: Tyler Peppel
Re: E-Card (Electronic Trading Card) Project

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Note: We made up this new code name (E-Card) to to describe any product which uses the "Electronic Trading Card" concept discussed at our meeting last Monday. We propose that it become a confidential code name between our companies.)

We are very pleased to submit this preliminary business proposal to Bandai for the E-Card project. We have written this proposal with the hope that we will become business partners in the following efforts:

- developing the E-Card engine
- developing E-Card products using Bandai content and characters
- licensing the E-Card engine to non-competing companies and providing development services to those companies

The goal of our partnership is to make E-Card a worldwide standard for creative electronic communication between children, families and business people.

Longer term, E-Card is a step toward personal electronic communications on-line.

We have three versions of the proposal: A, B, and C. All versions assume the production schedule we discussed at our meeting Monday November 7. Dollar estimates do not include witholding tax. These proposals are preliminary and all terms are open to discussion.

## Version A

(Non-exclusive relationship)

Proposal "A" assumptions:

- C-Wave grants Bandai a non-exclusive license to the E-Card engine for a per unit royalty
- Bandai pays C-Wave for custom enhance ments to the E-Card engine and for integraton of Bandai content

Sailor Moon development cost: $380K
2nd product with same functionality, different content: $270K
3rd product with same functionality, different content: $240K

Per unit royalty retail: $5
Per unit royalty bundled: $3

## Version B

(Exclusive Partnership for Japan)

Proposal "B" assumptions:

- Bandai and C-Wave have an exclusive partnership for E-Card in Japan
- Bandai and C-Wave share the development cost of a Japanese version of the E-Card engine
- Bandai and C-Wave share in Japanese E-Card engine revenues
- Bandai approves all third-party E-Card licenses in Japan

Sailor Moon development cost: $420K
2nd product with same functionality, different content: $270K
3rd product with same functionality, different content: $240K

Per unit royalty retail: $5
Per unit royalty bundled: $3

Fee for Japan-only exclusivity on the concept: $200K

## Version C

(Exclusive Worldwide Partnership)

Proposal "C" assumptions:

- Bandai and C-Wave have an exclusive worldwide partnership for E-Card. C-Wave does not discuss the E-Card concept with other companies.
- Bandai and C-Wave share the development cost of the E-Card engine
- Bandai and C-Wave share in E-Card revenues worldwide
- Bandai approves all third-party E-Card licenses

Sailor Moon development cost: $420
2nd product with same functionality, different content: $270
3rd product with same functionality, different content: $240

Per unit royalty retail: $4
Per unit royalty bundled: $2.50

Fee for worldwide exclusivity on the concept: $500K

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